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**Follow-up to the World Summit for Social Development and the twenty-fourth special session of the General Assembly: emerging issues**

## Policy responses on employment and the social consequences of the financial and economic crisis, including its gender dimension

**Note by the Secretariat**

## I. Introduction

1. In its resolution 2006/18, the Economic and Social Council decided to include the agenda item entitled "Emerging issues" in the programme of work of the Commission for Social Development. The Bureau of the forty-eighth session of the Commission, in consultation with the respective regional groups, decided that the theme for discussion under that agenda item would be "Policy responses on employment and the social consequences of the financial and economic crisis, including its gender dimension".

2. The present note by the Secretariat has been prepared to provide background information and to facilitate the deliberations of the Commission. It addresses the impact of the global crisis on employment and social development, including its gender dimensions. Further, it reviews the policy responses to the crisis and recent initiatives taken to address it at the national and international levels, and concludes with a set of relevant policy recommendations.

## II. Overall impact of the crisis

3. The global financial and economic crisis ha affected the lives of people all over the world, particularly in developing countries. What started as a financial

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crisis is now a jobs crisis, with serious consequences for poverty and social cohesion. It is leading to major setbacks in the progress made in recent years towards attaining the internationally agreed development goals, including the Millennium Development Goals. Advances in achieving inclusive social development, in particular in areas such as health and education, may be reversed and future progress could be jeopardized.

4. Overall, major declines in gross domestic product (GDP) have occurred in both developed and developing countries since the second half of 2008. In 2009, global GDP has fallen for the first time since the Second World War, by 2.2 per cent.[1] At least 60 developing countries (out of 107 for which data are available) are expected to suffer declines in GDP per capita in 2009, and 22 will continue to see such declines in 2010. Only seven countries may register growth in GDP per capita of 3 per cent or higher.[2]

5. Developing countries whose economies are highly dependent on exports, in particular primary commodity exports, private international capital flows and migrant remittances, have so far been hit hardest by the fallout from the crisis. Reduced trade and declining commodity prices have resulted in shrinking export earnings and Government revenues. Portfolio investment flows dropped dramatically in most developing countries in 2008, in some cases shifting to large net outflows and triggering a significant drop in equity markets in 2008 and well into 2009.

6. Although low-income countries that are less integrated into the global economy may have been less vulnerable thus far to the impact of the crisis, their weak institutional and technical capacity limits their ability to respond to its adverse effects. In addition, their public budgets may shrink significantly as a result of economic contraction, declining commodity prices and potential reductions in aid. While there is little evidence of a reduction in official development assistance flows, future levels of such assistance are not assured and may not offset the adverse effects of the crisis on public revenues. In fact, several donor countries target aid as a share of gross national income; given the declines in national incomes, aid budgets may also decline in absolute terms in 2009 unless corrective action is taken.

7. Although the main effects of the crises have been felt primarily in urban labour markets, the consequent effects on the rural economy cannot be ignored. Job losses in export manufacturing, for instance, often affect rural-to-urban migrants and the income support they provide to their rural families. Lower export demand, combined with higher food prices, is likely to have a negative impact on poverty in both rural and urban areas. Even among food producers, higher food prices do not necessarily translate into higher earnings for workers.

## Impact on poverty

8. The impact of the crisis on poverty has not yet been fully felt and is a matter of considerable uncertainty. Based on forecasted drops in per capita income alone, the

[1] United Nations, "World Economic Situation and Prospects, Monthly briefing No. 14" (10 November 2009).

[2] *World Economic Situation and Prospects 2009: update as of mid-2009* (United Nations publication, Sales No. E.09.II.C.2).

Department of Economic and Social Affairs of the Secretariat estimates that between 73 and 103 million more people will remain poor or fall into poverty than would have been the case if the crisis had not occurred.[3] This setback would be felt mainly in East and South Asia, with between 56 and 80 million people likely to fall into poverty, of which about half are in India. The crisis could keep 12 to 16 million additional people in poverty in Africa and another 4 million in Latin America and the Caribbean. The Economic Commission for Latin America and the Caribbean estimates that poverty in the region could increase by 1.1 per cent.[4] Thus, the number of people living in poverty may rise to 189 million by the end of 2009 (34.1 per cent of the population), compared with 180 million in 2008. In Latin America, poverty strikes children and women harder than the rest of the population, with rates 1.7 times higher among minors under the age of 15 than adults, and 1.15 times greater among women than men.

9. Increases in poverty have long-lasting consequences, as poor individuals and families must stop using health services, are unable to feed their children properly or must pull children out of school in order to cope. Estimates of the impact of the crisis on child health and mortality are diverse, but they all point to a significant increase in the number of children dying.[5] Hunger is also rising across the developing world: according to the Food and Agriculture Organization of the United Nations, the number of people suffering from malnutrition is expected to reach a historical peak of 1 billion in 2009.[6] Droughts and the increased frequency of natural disasters have contributed to food insecurity in a number of countries and will further aggravate food security risks in the coming years.

10. Although remittance flows are relatively stable and have been found to be countercyclical in previous downturns, the World Bank estimates that migrant remittances will decline by 7 to 10 per cent in 2009.[7] Flows to Latin America have been falling since the second half of 2008 in the wake of declining construction activity in the United States of America. Remittance flows to East and South Asia have been growing, mainly owing to increases in remittance inflows from the countries of the Gulf Cooperation Council, but there are signs of a slowdown in South Asia and in several countries with economies in transition. A decline in remittances, in the light of their increasing importance as a source of financial

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[3] The estimates represent the shortfall in poverty reduction caused by the drop in per capita income growth in 2009 compared with average growth from 2004 to 2007 (which would lead to an increase of 103 million in the number of poor) and with growth observed in 2008 (which would lead to an increase of 73 million). For calculation purposes, it was assumed that income distribution would remain constant in all countries. See *World Economic Situation and Prospects 2009: update as of mid-2009*.

[4] Economic Commission for Latin America and the Caribbean, *Social Panorama of Latin America* (United Nations publication, forthcoming).

[5] One estimate suggests that the crisis will result in an additional 200,000 to 400,000 infant deaths per year between 2009 and 2015 ("The impact of the financial crisis on progress towards the Millennium Development Goals in human development", World Bank internal policy note, 2009). In sub-Saharan Africa, the number of additional infant deaths is estimated at 30,000 to 50,000 in 2009 (Friedman, J., Schady, N., "How many more infants are likely to die in Africa as a result of the global financial crisis?", World Bank policy research working paper No. 5023).

[6] Food and Agriculture Organization of the United Nations, *The State of Food Insecurity in the World 2009: Economic Crises — Impacts and Lessons Learned* (Rome, 2009).

[7] Ratha, D., Mohapatra, S. and Silwal, A., "Outlook for remittance flows 2009-2011: remittances expected to fall by 7-10 per cent in 2009", Migration and Development Brief 10 (World Bank, 13 July 2009).

resource inflow to developing countries, could be expected to slow progress in poverty reduction in these countries.

## Impact on inequality

11. The impact of the rising poverty and unemployment caused by the crisis is being disproportionately felt by social groups that are more vulnerable to exclusion and discrimination. If left unaddressed, the crisis will lead to further exclusion and reinforce inequalities among various social groups. The current global crisis is expected to further increase income disparities in most regions of the world.

12. Because of its impact on public revenues, the crisis is constraining the ability of Governments to sustain social expenditure. According to the World Bank, only one quarter of the countries exposed to the crisis are able to address its consequences.[8] In addition, maintaining expenditure levels may not be enough to cushion the impact of the crisis, as the need for social protection, public education and health services will grow as a result. Disadvantaged social groups and the low-income population in general, including women, are more affected by cutbacks in social expenditures. Without public support, the crisis may lock poor individuals and their families in intergenerational poverty traps and result in long-term increases in inequality.

13. Although comprehensive data are still not yet available, the experience of past crises indicates that low-income groups are disproportionately affected. A repeat of this pattern would be particularly disconcerting, since it would follow a long period of global economic growth in which income inequality was already on the rise in the majority of countries. There are already signs of worsening income distribution: global growth in real wages slowed significantly in 2008 as a result of the crisis and is expected to fall even further in 2009 regardless of a possible economic recovery.[9]

## Impact on employment

14. The crisis has already led to sharp falls in employment and surging unemployment. The International Labour Organization (ILO) estimates that continued labour market deterioration around the world in 2009 could produce an increase in global unemployment of between 39 and 61 million workers relative to 2007, which could, in turn, lead to global unemployment ranging from 219 to 241 million workers. Joblessness is likely to continue well into the future, despite initial signs of recovery. Depending on the scope of policies adopted to counteract the job shortfall, from three to six years may be needed before labour market conditions similar to those characterizing the pre-crisis situation are re-established.[10] In addition, many countries are witnessing increases in the number of discouraged workers — working-age individuals willing to work but not actively seeking employment and not registered among the unemployed — and of those pushed into informal work in order to survive.

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[8] Cord, L. and others, "The global economic crisis: assessing vulnerability with a poverty lens", Vulnerable Countries Brief (World Bank, 2009).

[9] International Labour Organization, "Global Wage Report: 2009 update" (Geneva, 2009).

[10] "Committee of the Whole on Crisis Response", C.PI./TD.1-Brief, ninety-eighth session of the International Labour Conference (Geneva, June 2009).

15. In countries with high levels of poverty and inadequate social security systems, a majority of workers cannot afford to stay unemployed. Workers laid off from the formal sector often turn to the informal sector, where salaries are generally lower and working conditions poorer, thereby adding to the number of working poor. The ILO projections of working poverty across the world indicate that 200 million workers are at risk of joining the ranks of people living on less than $2 per day between 2007 and 2009.[11] The longer the distress in the labour market persists, the more those workers, their families and their communities run the risk of being trapped in long-lasting poverty.

16. It is estimated that the global economy would have to create some 300 million new jobs over the next five years just to return to pre-crisis levels of unemployment. This objective cannot be achieved in the absence of stronger policies focusing on job creation.

## Different impact on women and men

17. The differential impact of the crisis on women and men will vary across countries. In many developed countries, men have so far been hit harder than women by unemployment as those sectors most affected by the crisis — construction, durable goods, manufacturing and industry — are male-dominated. In developing countries, where women are employed mainly in export manufacturing industries, such as in Asia and Latin America, or in the tourism sector, such as in the Caribbean, job losses are greater for women than for men. ILO estimates that the global unemployment rate could reach 7.4 per cent among women and 7.0 per cent among men in 2009. This would result in an increase of 52 million people unemployed, including 22 million women, from 2007 to 2009.[12]

18. Regardless of the distribution of male and female workers by sector, a higher percentage of women work in vulnerable employment, in temporary, part-time and atypical jobs (often in the informal sector) that are less covered by social safety nets, where they exist, and more vulnerable to economic downturns. Because their jobs are more likely to offer benefits and be covered by unemployment insurance, men are better positioned to weather the crisis. In the household, women often bear the brunt of the crisis. Cutbacks in household budgets result in their having to devote more time to both paid and unpaid work, as they must take over tasks that were done outside of the household before the crisis, and adjust their consumption behaviour.

19. At the same time, it is projected that the global vulnerable employment rate in 2009 — the share of unpaid family workers who are most likely to be characterized by insecure employment, low earnings and low productivity — will range from 50.5 to 54.7 per cent for women, in comparison with 47.2 to 51.8 per cent for men. Estimates indicate that the burden of vulnerability is still greater for women, while the crisis is pushing more men into vulnerable employment compared with 2007.[13]

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[11] International Labour Organization, "Global Employment Trends: May 2009 update" (Geneva, 2009).

[12] ILO, *Global Employment Trends for Women, 2009*, and press release (ILO/09/15).

[13] Ibid.

20. Cuts in social spending also tend to disproportionately affect access for women and girls to health and education. They exacerbate women's unequal domestic and care-giving responsibilities, further jeopardizing educational opportunities for girls. Evidence from Africa and Asia indicates that more girls than boys are withdrawn from school in times of crisis.[14] Increases in child mortality affect a disproportionate number of girls as well. A recent study of 59 developing countries suggests that infant girls may experience three times higher increased mortality than boys for a given change in per capita GDP.[15]

## Impact on other social groups

21. Youth, older workers, people with disabilities, ethnic minorities and migrants will suffer in some of the same ways as women because they share some of their characteristics in the context of the labour market.

22. The effects of long-lasting labour market distress on youth are of particular concern. Prolonged unemployment and underemployment at any stage in an individual's life weakens his or her chances of resuming productive employment. This is critically relevant as it concerns young women and men. Unemployment or underemployment when young can seriously weaken an individual's ability to work productively and have harmful impacts later in life. The symptoms of this scarring are seen in indicators for health, education, crime, productivity growth and overall poverty reduction.[16] Youth unemployment was 2.8 times higher than adult unemployment before the crisis, and ILO predicts that the gap between the two figures will increase during the crisis. Those most likely to be affected by the global economic crisis include the children of the world's poor and vulnerable families. The result could be to halt or even reverse the recent global progress made in reducing child labour and increasing children's access to education.

23. Older workers who are displaced from the labour market are also likely to be more affected by the crisis than other groups, because they have fewer chances of securing a job after losing one. In addition, existing evidence indicates that they suffer greater losses in salary once they find a new job.[17] Evidence also shows that, in addition to the direct impact of the crisis on the employment of workers with disabilities, its effects have been felt in terms of reduced public expenditure on programmes relevant to their employability and employment, and reduced demand for the products of enterprises employing disabled persons.

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[14] See, for instance, "Children and the economic crisis in East Asia", *Global Social Policy*, vol. 9, supplement 2009, and Jensen, R., "Agricultural volatility and investments in children", *The American Economic Review*, vol. 90, No. 2, May 2000.

[15] Baird, S., Friedman, J. and Schady, N., "Infant mortality over the business cycle in the developing world", *World Bank Research Brief*, November 2007.

[16] See Bell and Blanchflower (2009) for a review of the literature. In their study of the United Kingdom of Great Britain and Northern Ireland, they provide evidence that youth unemployment continues to have an adverse impact on outcomes two decades later, as measured by a variety of variables, including unemployment, health status, wages and job satisfaction. Bell and Blanchflower, "What should be done about rising unemployment in the UK", Institute for the Study of Labour Discussion Paper No. 4040 (2009).

[17] World Bank, "Averting a human crisis during the global downturn: policy options from the World Bank's Human Development Network" (Conference edition, 2009).

24. In general, migrant workers are hardest hit during economic downturns, owing to their characteristics and the fact that the sectors in which they are employed — construction, manufacturing and hospitality services — suffer early and heavy job losses during recessions. The evidence suggests that the gap between the unemployment rates of nationals and non-nationals has increased in a majority of developed countries since the onset of the crisis.[18] The loss of employment is likely to have more devastating effects among less skilled foreign workers, especially women, given that many of them are not eligible for benefits. Unless they can rely on the support of family members or return home, they are at high risk of falling into poverty. Animosity against migrants may rise as employment prospects become scarce. Acts of xenophobia against migrants and ethnic minorities in several European countries have already increased since the crisis started.[19]

## III. National policy responses

25. Governments responded to the crisis by assembling financial rescue packages, easing monetary policies and launching ambitious fiscal measures to stimulate aggregate demand and address employment and social protection concerns. The existing data suggest that these actions have made a difference in terms of employment. According to ILO, International Monetary Fund (IMF) calculations show that the fiscal measures taken by Governments of the Group of Twenty (G-20) since the economic and financial crisis began will have created or saved from 7 to 11 million jobs, amounting to over one third of the total increase in unemployment in those countries in the first half of 2009.[20]

26. By mid-2009, monetary and fiscal measures to stabilize financial markets, unfreeze credit and stimulate economic growth totalled some $18 trillion, or almost 30 per cent of the world's gross product. In addition, many countries have adopted fiscal stimulus plans, totalling about $2.6 trillion by October 2009, the funds of which are to be spent from 2009 to 2011.[21] However, more than three quarters of the countercyclical response, including over 65 per cent of all fiscal stimulus funds, is concentrated in developed countries. Most developing countries lack the resources needed to undertake countercyclical measures, especially taking into account that tax revenues have declined in many of them as a result of the crisis.

27. Restoring economic growth and macroeconomic stability is necessary but not sufficient to reduce poverty, create employment and, in general, advance social development. Contrary to evidence from past economic crises suggesting that public expenditure in the social sectors is strongly procyclical — that is, faced with decreasing fiscal revenue, Governments may cut social spending first, precisely

[18] See European Commission, "EU employment situation and social outlook", Monthly Monitor (June 2009). See also Kochhar, R., Latin labor report 2008: construction reverses job growth for Latinos" (Washington, D.C.: Pew Hispanic Center, June 2008).

[19] See, for instance, joint statement of 21 March 2009 of leading human rights organizations in Europe, available at http://www.osce.org/documents/odihr/2009/03/36850_en.pdf.

[20] International Labour Organization, "Protecting people, promoting jobs: a survey of country employment and social protection policy responses to the global economic crisis", ILO report to the G-20 Leaders' Summit, Pittsburgh, 24-25 September 2009 (Geneva, ILO).

[21] United Nations, Department of Economic and Social Affairs estimate based on information from the Organization for Economic Cooperation and Development, the International Monetary Fund, Credit Suisse and others.

when it is most needed — Governments are showing a strong commitment to addressing the social consequences of this crisis. One reason for this is the broad recognition that creating employment and supporting workers is necessary to restore aggregate demand and essential in order to move towards a more balanced and sustainable development path than that prevailing before the crisis. Another is the fact that the current crisis began after a period of eight years of robust economic growth in which many developing countries, especially in Asia and Latin America and the Caribbean, managed to avoid large current account deficits and thus maintained a solid financial footing.

## Short-term mitigation measures

28. Many Governments have implemented short-term mitigation measures, at times as part of fiscal stimulus plans, to cushion the most acute social impacts of the crisis. Among these measures are active labour market programmes, including public works programmes, cash transfers — mostly to poor families, although some countries have extended them to other vulnerable groups — temporary subsidies, support for housing and fee waivers.

29. With regard to active labour market policies, an ILO survey of 35 developing countries and 19 developed countries in August 2009 indicates that Governments have given high priority to stimulating job creation through increased investment in infrastructure, often with specific employment criteria, and support for small enterprises and microentrepreneurs. A majority of Governments have also adopted measures to support workers, mainly through job and skills training and various job placement services.[22] In developed and middle-income developing countries, investment in infrastructure has often involved the creation or expansion of public works programmes. About three quarters of China's stimulus package, for instance, is allocated to investment in infrastructure, mostly through public works projects.[23] India has announced that the existing National Rural Employment Guarantee scheme will be complemented with a social security scheme for workers in the informal economy. In the member countries of the Organization for Economic Cooperation and Development, it is estimated that employment will be 0.8 per cent to 1.4 per cent higher in 2010 than would have been the case had national Governments not adopted fiscal stimulus packages.[24]

30. While most of these measures are not gender-specific, women and men are affected differently by them because of their distinct roles and status. Most public works programmes, for instance, are created to address the contraction in labour demand with little consideration to the gender impacts of the crisis. Through them, jobs are created in sectors that largely employ male workers, mainly construction, while women have been hardest hit by the contraction in exports of manufactured goods. Public works programmes that include investment in social infrastructure and services — public health, education, childcare, elderly care and other social services —

[22] See ILO, "Protecting people, promoting jobs".

[23] Economic and Social Commission for Asia and the Pacific, *Economic and Social Survey of Asia and the Pacific 2009: Addressing Triple Threats to Development* (United Nations Publication, Sales No. E.09.II.F.11).

[24] See ILO, "Protecting people, promoting jobs".

generate more jobs for women and, in addition, reduce women's unpaid domestic and care work.

## Expansion of social protection systems

31. While these discretionary measures are relevant to addressing short-term needs, they leave their beneficiaries just as vulnerable to future shocks. In addition, if these measures were withdrawn before broad-based economic and employment growth resumes, beneficiaries could fall back into joblessness and poverty. Stronger and permanent social protection systems, when in place, play a much larger role in preventing unemployment and reducing the prevalence of poverty. Unemployment insurance, for instance, has a faster and more countercyclical effect than discretionary labour market measures. National responses to the crisis suggest that political momentum is building in favour of long-term investments in social protection and the improvement of social services.

32. Governments in some wealthy and middle-income countries have been able to enhance old-age pension schemes, increase the duration of unemployment benefits and extend coverage of such benefits to the most vulnerable groups, namely workers who previously held temporary jobs, youth and persons with disabilities.[25] In most low-income countries, unemployment schemes are not available and, where they exist, coverage is limited to certain categories of workers in the formal sector. Instead, some low-income countries have small-scale income support and social assistance schemes that provide cash benefits or employment to various population groups. These are usually too small to provide help beyond the targeted groups, but there is evidence of an increasing ability to deliver benefits.[26]

33. In general, countries are also making efforts to protect education and health budgets. According to a survey carried out by the United Nations Educational, Scientific and Cultural Organization (UNESCO) during the spring of 2009, only 14 of the 51 countries included in the survey are likely to experience a decline in public education budgets over 2008 and 2009. The data collected by UNESCO do not suggest cuts in education, either as a percentage of GDP or of public revenues, in a majority of countries.[27] The World Health Organization (WHO) has also reported that, in contrast with previous crises, several countries have reported an increase in health-care budgets.[28] China's fiscal stimulus plan, for instance, includes some $6 billion to improve the quality and coverage of medical services in both urban and rural areas. One of the goals is to increase the coverage of rural and urban

[25] See notes 23 and 24; and ECLAC, "The reactions of the Governments of the Americas to the international crisis: an overview of policy measures up to 31 August 2009" (Santiago, 31 August 2009).

[26] Some countries, for instance, have scaled up existing cash transfer programmes. The Government of Brazil, for example, extended the *Bolsa Familia* programme to an additional 1.3 million families in March 2009; and Colombia added 1.5 million families to the *Familias en Acción* programme (ECLAC, 2009).

[27] United Nations Educational, Scientific and Cultural Organization, "The impact of the crisis on public expenditure on education: findings from the UNESCO quick survey", paper No. 1 in a series of papers on the impact of the global financial and economic crisis on the education sector (Paris, 2009).

[28] World Health Organization, "The financial crisis and global health: report of a high-level consultation" (Geneva, 19 January 2009).

populations under the basic medical insurance system or the new rural cooperative system to at least 90 per cent by 2011. Some middle-income countries are also using stimulus packages to build schools and develop health and education infrastructure.

34. The crisis is constraining the ability of Governments to sustain such expenditure, however. Even if the social services budget is maintained in relative terms, expenditure may decline in absolute terms if public budgets shrink or GDP declines as a result of the crisis. In addition, maintaining current expenditure levels may not be enough, as it is likely that more people will use public rather than private health and education services as a consequence of the crisis. Public services may not be equipped to cope with increasing demand and their overall quality may decline. Where the recession triggers currency devaluation, the price of imported medicines, raw materials, medical and school equipment will increase, and consequently, the cost of care and education may also rise. A study of six Latin American countries suggests that, in order to reach the Millennium Development Goals by 2015, spending on education, health and basic services would need to increase by 1.5 to 2 per cent of GDP per year in three of these countries and by 0.5 to 1.5 per cent of GDP per year in the other three between 2010 and 2015 as a result of the crisis.[29]

35. In developing countries, social protection systems remain fragmented and inadequate. Few of the measures announced by poor countries suggest that the crisis will be used as an opportunity to establish a social protection floor. In countries that have taken measures to enhance existing schemes and introduce new ones, reforms are incipient and have produced few results thus far. The implementation of these policies needs to be monitored and evaluated to assess their effectiveness in protecting vulnerable groups.

36. The crisis should also serve as an opportunity to review the inadequacy of existing social protection systems in general and address their shortcomings. Some of the emergency measures taken to address the consequences of the crisis, including temporary subsidies and cash transfers, may not have been necessary had stronger social protection systems been in place. Unemployment benefit schemes, in particular, are still limited in developing countries, partly because wage workers in the formal sector represent a small share of the labour force. However, the introduction of unemployment insurance schemes, despite their initially limited reach, is a critical step towards protecting workers and supporting domestic demand. With the proper incentives in place, these schemes can also reach the informal workforce.

37. Strengthening social protection systems entails the screening of policy choices to avoid the exclusion of groups that require support. Often, measures in place fail to take into account the particular requirements of women and female-headed households. Forms of protection tied to employment status, for instance, tend to place women at a disadvantage because a large portion of women's economic activity is unpaid and their participation in the labour market is more intermittent than men's. Yet addressing gender inequality and women's needs brings big payoffs. It is estimated, for instance, that agricultural productivity would rise by 10 to 15 per cent in a significant number of sub-Saharan African countries if access for women

[29] Sanchez, M. V. and Vos, R., "Impact of the global crisis on the achievement of the MDGs in Latin America, Department of Economic and Social Affairs working paper No. 74 (United Nations, June 2009).

farmers to inputs, credit and technical assistance were made equal to that of men.[30] Similarly, tighter migration policies and stricter enforcement of laws to curb irregular migration during crises have often forced undocumented migrants into increasingly informal and precarious employment situations and have further isolated them from the host society. Social policies should counter, not exacerbate, the adverse impact that job losses and increased poverty have on social integration and stability.

38. A critical and missing factor in successful policy responses is sustainable funding. Policy responses to the social impacts of the crisis have to date received substantial support from IMF and the World Bank. The World Bank Group estimates that it committed nearly $60 billion in fiscal year 2009 to support countries hit by the crisis — a 54 per cent increase over the previous year, and a record high.[31] Both institutions have fast-tracked their responses to the crisis, in amounts above normal limits, and facilitated loan disbursement. Governments in programme countries have committed to maintaining or increasing social safety nets, but with some shifting from higher spending to better targeting over time. The lending conditions imposed by these institutions regarding fiscal targets are now more flexible than in the past, although critical assessments of the support provided by IMF suggest that the institution is still imposing procyclical conditions on many borrowers.[32] According to its critics, although IMF loans consistently support social protection spending, the institution's budget cut requirements effectively limit the fiscal space available to increasing social protection spending.

# IV. Supportive international frameworks and initiatives

## Joint crisis initiatives of the United Nations system

39. In response to the crisis, new international frameworks and initiatives have emerged in which special attention is paid to employment and labour market policy dimensions. In April 2009, the United Nations System Chief Executives Board for Coordination endorsed a coherent and comprehensive strategy for system-wide action to confront the crisis. The strategy draws on nine United Nations system-wide joint crisis initiatives, each one coordinated by a lead agency working together with a cluster of cooperating agencies.[33]

40. The framework covers, among other things, food security, trade, a greener economy, the Global Jobs Pact and a social protection floor. All the initiatives are interconnected, but each makes a distinctive contribution to the social development agenda. Two initiatives — the Global Jobs Pact and a social protection floor —

[30] Blackden, M. C. and Bhanu, C., "Gender, growth and poverty reduction: special program of assistance for Africa: 1998 status report on poverty in sub-Saharan Africa", World Bank technical paper No. 428 (1999).

[31] World Bank, "The impact of the financial crisis on progress towards the Millennium Development Goals ..." (see note 5).

[32] See, for instance, SOLIDAR, "Doing a decent job? IMF policies and decent work in times of crisis" (SOLIDAR, The Global Network and Eurodad: the European Network on Debt and Development, October 2009), and Weisbrot, M. and others, "IMF-supported macroeconomic policies and the world recession: a look at forty-one borrowing countries" (Washington, D.C.: Center for Economic and Policy Research, October 2009).

[33] See CEB/2009/1.

focus on employment and social protection issues, respectively. The lead agencies have prepared programmes of action outlining immediate and long-term activities.[34] In each policy area, the main expected outcome is a widely accessible pool of expertise, resources, capacity-building and advocacy events, and networks to develop and share knowledge, which countries can rely on in their policy and programme development.

41. The Global Jobs Pact was adopted by the International Labour Conference in June 2009 and spells out key principles and approaches for employment and decent work measures to sustain economic recovery, generate jobs and provide protection for working people and their families.[35] The Global Jobs Pact is built around the principles of the decent work agenda of ILO and addresses the social and employment impact of the global financial and economic crisis. It promotes productive recovery centred on investments, employment and social protection. The fundamental objective of the Pact is to provide an internationally agreed basis for policymaking designed to reduce the time lag between economic recovery and a recovery with decent work opportunities. Moreover, the Pact outlines strategies to guide the recovery from the current economic and jobs crisis. It also notes that recovery packages should take into account the impact of economic crises on women and men and integrate gender equality concerns in all response measures.

42. The policy framework outlined in the Global Jobs Pact has been endorsed by the Economic and Social Council, which invited Member States and relevant international organizations to make full use of the Pact and requested the United Nations funds and programmes and the specialized agencies to take the Pact into account in their policies and programmes.[36] Responding to this call, the agencies participating in the Second United Nations Decade for the Eradication of Poverty (2008-2017) have reviewed their activities under a plan of action on full employment and decent work for all in order to align them with the joint crisis initiatives and provide a stronger framework for building the capacities needed to mitigate the damage wrought by the financial crisis and shape a stronger economic and social policy framework for globalization.[37]

43. The social protection floor consists of two main elements: geographical and financial access to essential services (such as water and sanitation, adequate nutrition, health and education); and social transfers: a basic set of essential social

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[34] Joint action under the Global Jobs Pact initiative, for instance, concerns the sharing of knowledge, capacity-building and assistance in a wide range of policy areas, including support to sustainable enterprises, especially small and medium-sized; reinforcing active labour market policies; safeguarding viable jobs; supporting jobseekers through training and skills development; expanding employment guarantee schemes; special attention to young people and vulnerable groups; job-intensive investment in infrastructure and public goods; strengthening social dialogue and public administration; protecting workers' rights; and promoting international labour standards.

[35] "Recovering from the crisis: a Global Jobs Pact", resolution adopted by the ninety-eighth session of the International Labour Conference (Geneva, June 2009).

[36] See Economic and Social Council resolution 2009/5.

[37] The Second Decade (2008-2017) provides a framework for reflection and medium-term action to boost efforts aimed at achieving the internationally agreed development goals related to poverty eradication, including the Millennium Development Goals. In the recognition that employment and labour market policies and institutions are critical means of enhancing the capabilities of the poor and helping them realize their rights, the framework is focused on full employment and decent work.

transfers, in cash and in kind, paid to the poor and vulnerable to provide minimum income security and access to essential health care. They lend themselves to the design of social protection strategies responsive to gender-specific needs and interests across the life cycle. Important elements of this initiative have been endorsed by the governing bodies of several United Nations agencies. ILO and WHO are leading this effort. Following the endorsement of the common strategy by the Conference on the World Financial and Economic Crisis and Its Impact on Development, and the call for a coordinated approach at the country level, the United Nations Development Group has also developed modalities to support field-based, country-owned crisis response programmes that target the most vulnerable countries and populations and draw on the expertise, resources and networks made available under each of the nine joint crisis initiatives.[38]

## Other initiatives

44. Outside the United Nations system, leaders at the G-20 Summit held in Pittsburgh in September 2009 articulated their resolve to work together to support a durable recovery that generates sustainable and balanced growth and creates jobs. Leaders noted the impact of the crisis on the most vulnerable populations and on social spending in low-income countries and recognized the need for additional multilateral concessional financing, increased food security and financial services for the poor. They emphasized that a sustainable route out of the crisis depends on the adoption of policies to address the main employment and development gaps.

45. The leaders were committed to recovery plans that support decent work, prioritize quality job growth and provide income, social protection and training support to jobseekers. The G-20 Framework for Strong, Sustainable and Balanced Growth provides an institutional mechanism to develop and jointly review policies to improve social safety nets, narrow development gaps and reduce poverty, among other objectives. This should be particularly beneficial to women as rising unemployment during the crisis is expected to be more detrimental to women in most regions of the world.[39]

46. Another initiative is the Global Impact and Vulnerability Alert System, the objective of which is to provide solid quantitative information and analysis on the impact of a global crisis on vulnerable populations, and also to signal emerging vulnerabilities. The System will specifically aim to provide the international community with early, real-time evidence and analysis of the impact of a global crisis on the lives of the poorest and most vulnerable populations; raise "red flags" on newly emerging and dramatically worsening vulnerabilities of global concern; and bring the voices of the most vulnerable into high-level decision-making forums. The System will be a network that builds on and connects existing global alert and early warning mechanisms as well as innovative and rapid data-collection initiatives.

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[38] General Assembly resolution 63/303 and the letter of 1 September 2009 from the Chair of the United Nations Development Group to the United Nations Resident Coordinators.

[39] Leaders' Statement: The Pittsburgh Summit, 24 and 25 September 2009.

# V. Conclusion and recommendations

47. **Both developed and developing countries are undertaking efforts to address the social consequences of the crisis. Many have adopted discretionary emergency measures to tackle the most pressing social needs. However, developing countries face more obstacles in coping with the impact of the crisis because of their limited institutional capacity and their increasingly constrained fiscal space. Although political momentum is building in favour of long-term investments in social protection, action to strengthen social protection systems has been limited thus far. The crisis should serve as an opportunity to further enhance social protection.**

48. **Key policy recommendations at the national level may include the following:**

(a) **Giving highest priority to addressing the social impacts of the crisis. Comprehensive responses to the crisis, including fiscal stimulus packages, should accord priority to employment creation and social protection for all women and men, and protect core social spending in health and education. Building an adequate social protection system for all women and men is crucial to preventing unemployment, reducing poverty and inequality, achieving social justice and protecting the most vulnerable against future economic shocks;**

(b) **Sustaining policy responses to the social impacts of the crisis until a durable recovery, including jobs recovery, is secured, and avoiding a premature withdrawal of stimulus measures;**

(c) **Promoting policies that accelerate jobs recovery by increasing the job content of growth. Macroeconomic and sectoral policies that support demand and investment should be complemented with labour market interventions to facilitate enterprise creation and promote quality education and skills training, with a special focus on women and youth;**

(d) **Taking into account the gender dimensions of the crisis to ensure women's access to productive employment and decent work, land, property, credit and social protection. A gender perspective should be included in all policy responses to the crisis and adequate levels of funding for gender equality and the empowerment of women should be maintained. Stimulus packages should provide gender-sensitive investments in physical and social infrastructure and employment and should take into account both paid and unpaid work and the situation of particularly vulnerable groups, such as migrant women;**

(e) **Giving special attention to the vulnerable and disadvantaged groups hit hard by the crisis. Targeted interventions may be needed to address the barriers these groups face, including regulatory reforms, special incentives to hiring, access to financing and business services, entrepreneurship, programmes for education and skills training and support to organizations that promote empowerment and voice;**

(f) **Keeping rural development and agriculture high on the social development agenda. While the agriculture sector received considerable attention in 2008, amid rising food prices, the financial and economic crisis has shifted policy attention to job losses in typically urban sectors. Yet agriculture**

**is still the main livelihood of poor women and men and provides employment for a majority of the workforce in developing countries.**

49. **Policy recommendations at the international level may include the following:**

(a) **Increasing support to developing countries in their efforts to implement policies to counter the social impacts of the crisis;**

(b) **Ensuring that such support is sustained, predictable and consistent with national policies and priorities;**

(c) **Strengthening and coordinating efforts by the United Nations system to accomplish the crisis initiatives, especially the Global Jobs Pact and the social protection floor initiative. While the long-term sustainability of a social protection floor depends on national commitment and domestic resources, the international community should support countries' efforts to put such systems in place;**

(d) **Ensuring that lending conditions imposed by the international community support increased spending on social protection and do not impose procyclical conditions on borrowers.**